the reasons therefor should also be mentioned. Policy should contain stipulation of a cut off date not exceeding six months for review of performance of the loan. These directions have come into effect from 31st March, 2002. Thus RBI by the above stipulation has brought call and demand loans extended by NBFCs too under the ambit of its Prudential Norms Directions. NBFCs have been further advised that the concept of 'Past Due' contained in the Bank's Prudential Norms Directions stand abolished with effect from Balance Sheet as on March 31, 2003.

(c) and (d) The periodical inspection of NBFCs by the Reserve Bank of India revealed that some of them were not complying with the Prudential Norms Directions relating to NPAs, such as asset classification, income recognition and provisioning. These deficiencies are advised to the erring NBFCs through a supervisory letter and their compliance obtained. Action is initiated against the recalcitrant NBFCs by issuing show cause notice for cancellation of their Certificate of Registration.

(e) A comprehensive regulatory and supervisory mechanism for Non-Banking Financial Companies has been put in place by the Reserve Bank of India under the powers derived from the Reserve Bank of India Act, 1934 with a view to ensuring that they function on sound and healthy lines and to provide reasonable protection of the interest of depositors. This mechanism involves (a) on-site inspection of NBFCs, (b) off-site monitoring of NBFCs through periodic control returns from NBFCs using the state-of-art information technology, (c) an effective market intelligence work and (d) a system of submission of exception reports by auditors of NBFCs. The regulatory framework also includes, *inter-alia*, compulsory registration, maintenance of liquid assets, transfer of at least 20% of net profit to reserve fund and empowering RBI to issue directions to NBFCs. RBI takes various actions against errant NBFCs for various defaults and contravention of provisions of the RBI Act and directions issued thereunder. Government has also introduced the Financial Companies Regulation Bill, 2000 in the Lok Sabha on 13th December, 2000. The Bill has been referred to the Standing Committee on Finance by the Hon'ble Speaker, Lok Sabha.

Discrepancies of Private Cargo Airlines

5046. SHRI ABANI ROY: Will the Minister of FINANCE be pleased to state:

(a) whether the customs authorities in Delhi have investigated various discrepancies against Sam Avia in the last few years;

(b) if so, the details thereof; and

(c) the steps taken by Government to tone up the functioning of the customs at various airports to prevent such discrepancies of the private cargo airlines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes, Sir. Customs authorities in Delhi including Directorate of Revenue Intelligence have conducted investigations againt M/s. Sam Aviation Pvt. Ltd. in connection with four separate cases.

In first of these cases involving claim of drawback by a Delhi based firm in 1995, role of M/s. Sam Aviation Pvt. Ltd. was not established.

In the second case, miscellaneous unmanifested goods valued at Rs. 55.57 lakhs, being attempted to be smuggled out by a flight operated by M/s. East Line Aviation Ltd., of whom M/ s. Sam Aviation Ltd. were one of the agents, were seized on 9.2.1997. Subsequently, the goods were ordered to be confiscated and penalties were also imposed on the said two companies as well as some of their employees. Appeals against the order for confiscation and imposition of penalties are presently pending in the High Court of Delhi.

In other two cases involving claims of drawback to the tune of Rs. 1.03 crores (approx.) and Rs. 3.05 crores (approx.), the role of M/s. Sam Aviation Pvt. Ltd. is under investigation.

(c) All field formations under the Customs Department including Directorate of Revenue Intelligence are alert and vigilant to prevent such discrepancies by the private cargo airlines at various airports of the country.

New Insurance Policies in Gujarat

5047. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the General Insurance Companies have stopped giving new policies in Gujarat;

(b) if so, the reasons therefor;

(c) whether the insurance companies have received claims worth crores of rupees for the damage caused to industry during the recent riots;

(d) if so, the total amount of claims received by the companies; and

(e) whether it is because of this that Insurance companies have stopped issuing fresh policies?